
**Technology, Energy & Communications
Committee**

HB 2002

Brief Description: Concerning the generation of electricity in carbonless energy parks.

Sponsors: Representatives Klippert, Morris, Blake, Haler and McCune.

Brief Summary of Bill

- Requires the Energy Facility Site Evaluation Council (EFSEC) to amend a site certification agreement to allow for the creation of a carbonless energy park.
- Directs the Department of Ecology to continue authorization for the use of water at a carbonless energy park at a certain amount.
- Allows site restoration responsibilities for unfinished nuclear power projects to be transferred to a subsidiary of the site certificate holder.
- Establishes a sales and use tax exemption for the sale or use of machinery and equipment used to generate electricity in carbonless energy parks.

Hearing Date: 2/16/09

Staff: Scott Richards (786-7156)

Background:

Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) is the permitting and certifying authority for the siting of major energy facilities in Washington. Approved facilities are issued site certification agreements, which list the conditions for constructing and operating the projects.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The EFSEC does not have the authority to issue water right permits. However, it does have the exclusive authority to specify the operational conditions of a project, which may include an authorization to use water.

In the 1970s, the EFSEC certified five nuclear power projects owned by the Washington Public Power Supply System (Supply System), now called Energy Northwest. Two projects were located in Satsop and three in Hanford. WNP-2 in Hanford, later renamed the Columbia Generating Station, is the only project that was completed.

Unfinished Nuclear Power Projects.

For unfinished nuclear power plants, the site certificate holder may transfer site restoration responsibilities, which may include economic development activities, to any political subdivision or subdivisions of the state composed of elected officials.

If a certificate holder transfers all or a portion of the site to a political subdivision or subdivisions of the state composed of elected officials and located in the same county as the site, the EFSEC must amend the site certification agreement to release those portions of the site that it finds are no longer intended for the development of an energy facility.

In 1996 the Legislature authorized the transfer of the Satsop site restoration responsibilities from the Supply System to a local public development district. The legislation included a process for transferring surface water rights to the district.

According to the legislation, water rights were best transferred using existing statutes and administrative rules. If an administrative transfer was not possible, the legislation required the Department of Ecology (DOE) to create a trust water right for the benefit of the public development district.

The water for redeveloping the Satsop sites was subsequently obtained by a transfer from the City of Aberdeen. The process created in 1996 to transfer water rights to Satsop is no longer in effect. The site certification agreement for the two unfinished sites at Hanford is still in effect.

Summary of Bill:

Unfinished Nuclear Power Plants.

If a site certificate holder requests a modification of the site for the purpose of creating a carbonless energy park, the EFSEC must amend the site certification agreement to release those portions of the site for use as a carbonless energy park.

For sites released after January 1, 2009, the Department of Ecology must continue any authorization under the site certification agreement for the use of water at an energy park for an amount of water up to 30 cubic feet per second. The site certificate holder must assign such authorization to the recipient of such a site.

Site restoration responsibilities for an unfinished nuclear power project may be transferred to a subsidiary of the site certificate holder. "Subsidiary of the certificate holder" is defined as any project, business unit, or affiliate of the legal entity that is a party to an EFSEC site certification agreement.

Sales and Use Tax Exemption for Carbonless Energy Parks.

A retail sales and use tax exemption applies to the sale or use of machinery and equipment that is used to generate electricity in a carbonless energy park.

A "carbonless energy park" is defined as an unfinished site for a nuclear power project that is located east of the crest of the Cascade mountains and is partially or wholly developed to generate electricity with a production capacity of not less than 10 megawatts.

Appropriation: None.

Fiscal Note: Requested on February 13, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.